

DEPARTMENT OF STATE
ASSISTANT SECRETARY

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U - Mr. Dillon ✓
G - Mr. Murphy
EUR - Mr. Kohler
E - Mr. Mann
S/AE - Mr. Farley
RA - Mr. Fessenden

Here is a copy of the Defense Department paper, "Would We Want to Change Places with the USSR?", reportedly written by Assistant Secretary McNeil.

SWP

P - Edwin M. J. Kretzmann

Attachment:

"Would We Want to Change
Places With the USSR?"
Paper dated March 30, 1959.

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WOULD WE WANT TO CHANGE
PLACES WITH THE USSR ?

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30 March 1959

"Reverse the situation, give us the Russian capability and give the Russians our capability ... and see how you would feel then." This evocative remark was recently made by General Nathan F. Twining, Chairman of the Joint Chiefs of Staff and principal military adviser to the Secretary of Defense and the President, in reply to a particularly searching series of questions by members of a Congressional Committee inquiring into the status of U. S. military strength compared with the Soviet Union.

The House Subcommittee on Department of Defense Appropriations had been cross-examining Secretary of Defense Neil H. McElroy and General Twining as to the adequacy of the Defense program and budget proposed for Fiscal Year 1960. The Committee members were seeking to set the record straight with regard to allegations that the U.S. was now or soon would become a "second class power"; that "soon we will be the underdog in the struggle with the Soviet Union"; that "the whole retaliatory and deterrent capacity of SAC, both overseas and at home, can be wiped out by 1961 or 1962"; that "today we have to face the fact that if Russia launches a war against the United States first she would win"; and that the Soviet Union will outnumber the U.S. in intercontinental ballistic missiles. In the words of Chairman George H. Mahon,

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the Committee wanted "to find out just what our status is in this contest between the United States and the Soviet Union for military supremacy."

No doubt many Americans are also bothered by this nagging question; and well they should be. Certainly, in this nuclear age, every American is on the firing line and every American is involved in the grave decisions facing this Nation now and in the years ahead. But to understand the problem and to participate intelligently as citizens the people must have the facts and the perspective upon which to base a balanced judgment. General Twining's remark in this regard offers an interesting and useful approach in providing the American people with the essential facts for a balanced perspective.

Let us, then, follow through on General Twining's idea and "reverse the situation" - giving the Russians our military capabilities and taking their military capabilities in return. In other words, let us imagine that we have an Army, Navy and Air Force of the same size and composition as that of the Soviet Union and they have the kind of Army, Navy and Air Force we now have. Let us imagine further that these Soviet forces are deployed close to our borders instead of our forces being deployed close to their borders - as they actually are. What would we find?

First and foremost we would be faced with four to five times more inter-continental jet bombers than we would have and perhaps more medium bombers. We would be faced with these long-range medium and heavy jet bombers and their supporting tankers based at scores of widely dispersed installations with some nearby in such places as Venezuela, Newfoundland, Puerto Rico, Bermuda, Central America, Hawaii and Alaska. Venezuela to Washington, D. C., for example, is just about the same distance as our bases in North Africa or

England are to Russia. Our bases in Okinawa are about half the distance to mainland China as Bermuda is to the East Coast of the U.S.

How would the American people feel if they knew that this force, because of its large supporting fleet of refueling tanker aircraft and advance bases, could attack from many directions and altitudes. What would we think if we knew that the heavy bombers were being equipped with guided missiles, such as the HOUND-DOG, which could be launched hundreds of miles away from the target thus avoiding our air defenses which, Soviet fashion, would be concentrated around a few big cities. What would we think if the bomber force was manned by the most highly trained and experienced crews in the world -- as is that of the U.S. -- capable of delivering, at night or in bad weather and with pinpoint accuracy, bombs whose individual explosive power is greater than that of all the bombs dropped by all of the bombers, enemy as well as allied, during the whole course of World War II?

Is this awesome force, which the United States now possesses and which is capable of wreaking destruction on a scale virtually beyond human comprehension, an advantage that the American people would swap with the Russians for their much smaller, less effective, inexperienced manned bomber force operating without benefit of overseas bases? The answer, of course, is a resounding No!

To make sure that the U.S. will continue to have a manned bomber force capable of striking a decisive blow the President's 1960 budget provides funds for additional B-52 intercontinental jet bombers, B-58 supersonic jet bombers and their associated KC-135 jet tankers.

Furthermore, there is under development and in production a number of

means of increasing the ability of the manned bombers to penetrate enemy defenses. First is the HOUND-DOG air-to-ground or stand-off missile designed to be carried by the B-52's. This missile armed with a nuclear warhead can be launched at a target by the bomber while it is still several hundred miles away, thus eliminating the need to penetrate heavily defended areas. In addition, the manned bomber force will be provided with a decoy missile, called the QUAIL, and special electronic devices which will assist in confusing and saturating enemy radar defenses.

In order to protect this force and shorten its reaction time, the aircraft are being dispersed over a much larger number of bases and special alert facilities are being constructed for the crews in the immediate vicinity of the aircraft. To assure that the vital minutes of warning are available under any and all circumstances, even a ballistic missile attack, a new ballistic missile early warning system - consisting of very powerful radars which can "see" the incoming ballistic missiles while still far distant from their targets - is being constructed in the Far North.

But, to get back to our "reversed situation", how secure would the people in Washington and New York and the people in San Francisco and Los Angeles feel if the Soviet Union were deploying at will large and powerful naval task forces only a few hundred miles off the coasts of the United States? How would they feel if there were a half dozen Soviet aircraft carriers in these task forces, each with half a hundred nuclear bomb-carrying aircraft standing ready for action? Perhaps the American people have become so accustomed to hearing about U.S. Naval forces operating freely in all the oceans of the world that they have begun to take this unique form of military

power forgranted, losing sight of its great importance to our national security.

The Soviet Union, in fact, has no aircraft carriers and as far as is known they are not building any. The U S. carrier force, in contrast, is big enough right now to maintain both in the Mediterranean and in the Far East powerful task forces twenty-four hours a day, seven days a week and 365 days a year -- backed up by additional carriers in the U.S. Atlantic and Pacific Fleets. Four big new FORRESTAL-class carriers have already been commissioned, three more are under construction, including the first nuclear powered carrier, and the eighth has been requested in the 1960 budget. These new carriers will assure the Navy's ability to handle the larger and faster aircraft that are now being delivered. As the Lebanon and Quemoy crises have demonstrated, the carrier task force is a principal means of maintaining a U.S. military presence in the critical areas of the world far from our own shores. They avoid the question of national sovereignty and the many problems associated with the physical presence of U.S. forces in foreign countries. For these reasons they are a most useful means of dealing with situations short of general war. Here, as in the Strategic Air Command, years of experience and hard won skill add immeasurably to the strength measured just in quantitative terms.

There are some people who like to call attention to the estimate that the Soviet Union outnumbered the U.S. in submarines. The Russians, they say, have 400 to 500 submarines while we only have 110 or 120 -- the number of U.S. long-range boats now in active service. Aside from the fact that half of the Soviet submarines are not capable of operating in distant areas,

these people miss the main point, namely, that the requirements of the two countries are entirely different. The Free World has over 95% of the total ocean shipping, the principal target of a submarine force, the Communist Bloc less than 5%. Obviously, the U.S. does not have as great a need for any large number of submarines for use against merchant shipping - the targets simply do not exist on the other side.

However, with more than 95% of the merchant shipping and in the face of the large number of Soviet submarines, the Free World is presented with a very tough anti-submarine warfare problem and the U.S. Navy is devoting a great deal of effort to its solution. It should be noted that successful ASW operations require the closest cooperation and teamwork among forces in the air, on the surface of the sea and under the sea. In addition to the fact that virtually all naval vessels have ASW capabilities, the Navy now has three highly successful permanent task groups in operation which provide intensive training for all elements of the specialized forces - ASW carriers and their specialized aircraft, destroyers, and hunter-killer submarines.

Other recent developments to increase the effectiveness of our ASW forces include a high-speed hydrofoil vessel to cope with the faster submarines, better and longer-range detection devices, extension of both the attack range and lethal radius of ASW weapons -- including new acoustic homing torpedoes and nuclear depth charges, and the application of advanced data computers to the complex fire control and maneuver problems involved. Much basic research is also being done in fields such as oceanography to provide a better understanding of the vast, largely unknown medium in which

the submarine must operate. These new weapons, forces and techniques, together with the skill and experience of the naval forces developed over a long period of years, give the United States an unmatched capability in this area.

In contrast, the Soviet Union has no ASW aircraft carriers and only limited numbers of the specialized aircraft needed to detect and attack submarines; and, of course, no hunter-killer forces in our sense of the term. More important perhaps, the Soviet Union has nothing like the U.S. Navy's wartime experience and skill in antisubmarine warfare operations.

Again, with respect to submarines -- how would the American people feel if they thought that the Soviet Union had 39 nuclear-powered submarines in operation with the fleet, under construction or soon to be started, and we had none. Actually, this is the figure for the U.S. and to the best of our knowledge the Soviets have no nuclear-powered submarines in operation at the present time. They have an icebreaker, the Lenin, under construction and even here they are apparently running into trouble with the nuclear reactor.

In addition to these 39 nuclear-powered submarines, the U.S. also has under construction a nuclear-powered guided missile cruiser, a nuclear-powered guided missile frigate and a nuclear-powered attack aircraft carrier, the largest ship ever to be built. The U.S. is also building its first nuclear-powered merchant ship, the SAVANNAH. On the basis of the known facts, the U.S. is clearly far ahead of the U.S.S.R. in the application of nuclear power to ship propulsion. Is this taking second place?

Again, reversing the situation, how would the citizens of Miami, Fort Worth, Seattle, Chicago, and Boston feel if at dozens of bases scattered

throughout nearby Canada, Mexico, and the Caribbean Islands there were more than 2000 Soviet modern fighters, bombers and tactical missiles alert and ready -- each capable of wreaking the destruction of Hiroshima or some American city. Suppose, too, the Soviet Union was beginning to deploy to bases in northern Canada, Central America and Haiti intermediate range ballistic missiles each capable of delivering a nuclear warhead with less warning and greater accuracy than an ICBM. Fortunately, this is not the case.

With respect to the ICBM race, about which there has been so much public discussion, as matters now stand the United States and the U.S.S.R. are about neck and neck even though it was not until 1954 that the U. S. put as much as \$2 million a year into the development of its ICBM. On the basis of the best information available to anybody outside of the Kremlin itself, both the United States and the Soviet Union will have a limited operational capability with these missiles by the end of the current year. The United States is pressing forward with the development and production of these missiles and it may be assumed that the Soviet Union is doing likewise. The Defense Department, of course, knows how many ICBMs the U. S. plans to produce over the next few years but there is no way of knowing for certain how many the Soviet Union will actually decide to produce in this period. In order to be prepared for the worst it is customary in projecting the military strength of other nations to base the intelligence estimates on what they could do, considering the status of the weapon in the development

and production cycle and the facilities, skills and materials considered available to them. It is when the number of ICBMs the United States actually plans to produce is compared to the number it is estimated the Soviet Union could produce that the so-called "missile gap" arises.

There is no way of knowing whether the Soviet Union will in fact produce the number of missiles it is estimated that they could produce. There are many other considerations of both an economic and a military nature which must obviously enter into such a calculation on the part of the Soviet Union. In other words, it is estimated that the Soviet Union has the industrial and scientific capability to produce several times more intercontinental ballistic missiles than we actually plan to produce in the next two or three years -- providing that they are ready and willing to divert to this purpose all the resources that could usefully be applied, at the expense of other programs.

From past experience it is known that the Soviet Union does not always do what it is estimated they could do with respect to each and every individual program. For example, about three years ago it was estimated the Soviet Union could have by now 600-700 BISON long-range jet bombers in operational units. The BISON was already in production and it was thought that the Soviet Union had the physical capacity and technical capability to build that number of heavy aircraft over the three or four year span. But it is now known that they built only a fraction of that number, even though our own military leaders consider the intercontinental jet bomber - particularly when armed with a stand-off missile - such as the HOUND DOG - as one of the most important strategic weapons available at this time.

Even though the United States will continue to maintain a manned bomber force far larger than the U.S.S.R., it is making a major effort to develop and produce ballistic missiles. Although the U. S. may not produce the same number of first generation missiles that it is thought the Soviet Union is capable of producing, a total of about \$7 billion has already been programmed for this purpose in the last four years. It is planned to put another \$2.7 billion into these programs in fiscal year 1960, bringing the total in only 5 years to almost \$10 billion.

The United States has three intercontinental ballistic missiles under active development or production. The ATLAS is the more advanced in development and, to borrow a phrase from Mr. Khrushchev, "is in serial production". The first few missiles are expected to be in place and ready to fire by the end of this calendar year. The first units of a follow-on liquid fuel ICBM, the TITAN, are expected to be in place a year and a half or two years after the ATLAS. About two years after that we expect to have the solid fueled intercontinental ballistic missile, MINUTEMAN, which will have many important advantages over the liquid fueled missiles. It is expected, for example, to be easier to disperse in hardened bases and to require much less time to fire as well as fewer men and facilities to handle it. For these reasons the MINUTEMAN-type missile is planned to be the backbone of the intercontinental missile force in the future, although there may still be a place for liquid fuel missiles because of their greater load-carrying capacity.

In the same class with the land-based ICBMs is the submarine-based POLARIS ballistic missile. Because these missiles can be launched from

submarines deployed far forward into the waters surrounding the Soviet Union, they have essentially the same effective range as a land-based intercontinental ballistic missile. The POLARIS-firing submarines, each carrying 16 missiles, are nuclear powered and hence can cruise beneath the surface of the ocean or under the polar ice cap for weeks and months, hidden from enemy observation. The POLARIS missiles themselves can be fired from below as well as above the surface. These unique capabilities provide a degree of mobility and concealment which make the POLARIS submarine force virtually invulnerable to surprise attack. They confront the Soviet Union with the certainty of a retaliatory blow from the great unsearched ocean depths.

The United States now has under construction six POLARIS submarines. Three more are being started this summer, and long lead time components for additional boats are already under contract. The first of these submarines, the GEORGE WASHINGTON, is to be launched on June 9 by the Electric Boat Company at Groton, Connecticut and is expected to be ready for sea next year.

Now, how would the American people feel if the Soviet Union had this capability? Would they feel more or less secure if they thought that next year it would be the Soviet Union that would send forth the first of a fleet of these submarines to lurk off our shores -- quiet, invisible, deadly? Fortunately, the situation is quite the opposite. It is the United States and not the Soviet Union that will soon have this unique capability. As of now there is no firm evidence that the Soviet Union is building such submarines.

Also worthy of mention are the several squadrons of intermediate-range ballistic missiles, THOR and JUPITER, being deployed overseas, and the intercontinental aerodynamic missile, SNARK, just entering operational status. Because of its late development the SNARK is being bought in only limited quantities but it does add another kind of weapon system to our retaliatory forces.

Commenting on the great variety of missiles being developed and produced by the U. S., Duncan Sandys, the British Minister of Defense, recently told the House of Commons, "Since we cannot put money on all the horses in the race, like the Americans can, we have to pick our fancy. We have chosen the 'Blue Streak'....If we could afford to have an assortment of deterrents, to have other clubs in the bag, we would certainly like to have a proportion of POLARIS and MINUTEMAN in our quiver".

But to return once more to our "reverse situation": how would we fare if we were to exchange our air defense system with the Soviet Union? How would we feel if we had to be prepared to defend ourselves from all directions rather than primarily from the north as at present? What if we had to do the job with day fighters and fewer true all-weather jet interceptors? What would the American people think if ground-to-air missile defenses were concentrated around two or three metropolitan centers and elsewhere we had to rely in large part on obsolete antiaircraft guns?

In contrast the actual air defense system of the United States, now in being, is a vast complex composed of early warning radars stretching across the northern edge of the North American continent, well above the Arctic Circle;

seaward extensions of this system by planes, ships and Texas Towers; further radar barriers across Canada; and virtually complete coverage of the entire United States by aircraft control and warning radars; plus all of the necessary communications lines to tie this vast system together and synchronize its operations. There is also now coming into operation the Semi-Automatic Ground Environment (SAGE) System which through large electronic computers and automatic display devices will coordinate and evaluate information from the various radars, and from the active defense forces, and will enable the air defense commander to control the air battle with a speed and precision never before approached. The recent launching of a BOMARC pilotless supersonic interceptor missile from Cape Canaveral and its successful attack on a drone target many miles at sea was done by a SAGE center located in Kingston, New York. Such feats of remote control and guidance indicate the coming, unprecedented sophistication of our air defense system.

The BOMARC surface-to-air long-range interceptor missile - controlled and guided by SAGE - is only one of the three basic weapons now or soon to be available to the air defense forces. In addition to it there are the manned aircraft of the Air Force, including all-weather supersonic fighters armed with target-seeking air-to-air missiles and other high performance fighters capable of firing nuclear armed rockets at enemy bombers. To these formidable area defense weapons must be added the Army's ground-to-air antiaircraft missile battalions for close-in defense of cities and SAC bases. In this category the NIKE-AJAX is rapidly being replaced by its much larger and much more effective big brother, the NIKE-HERCULES. This latter missile can cope with any known or planned Soviet aircraft and when armed with its nuclear warhead it can just about guarantee the destruction of any enemy bomber which comes within its range of 80 miles.

This vast system for defense against manned bombers and air-breathing missiles which includes both U. S. and Canadian forces has been described in recent Congressional testimony by General Partridge, the Commander of the North American Air Defense Command, as the best in the world. However, in anticipation of the oncoming Soviet ballistic missile threat, a new system is being devised. Work has already begun on the warning portion of this system. In the Far North gigantic radars capable of "seeing" ballistic missiles in flight more than a thousand miles distant are being constructed. As has been noted, this Ballistic Missile Early Warning System (BMEWS) is to help provide that critical margin of warning which will enable the alert forces of our Strategic Air Command to get off on their retaliatory mission no matter how sudden a surprise Soviet attack may be. Other, more advanced missile early warning systems are under active development. One of these systems is known as Midas - a space satellite equipped with infra-red sensing devices. A number of such satellites circling the earth would be able to detect the great blast of heat emitted by a missile taking off right at the moment of launching. Detection of an enemy missile attack at that point would roughly double the amount of warning time available from the BMEWS radars. With this additional warning time a very large part of our strategic retaliatory forces would be certain of getting off to deliver their counterblow.

An anti-missile missile system to defend our cities and bases, known as the NIKE-ZEUS, is also being developed at the fastest practicable rate with a top national priority. This weapons system has been described as the most complicated and difficult technological development ever undertaken.

There are still very formidable technical difficulties to be overcome and the first objective is to press forward with the development phase as rapidly as possible in order to prove out the feasibility of the concept and the system.

Much has been said about the size and power of the Russian ground forces. But what would the American people think if there were a quarter of a million Russian troops -- equipped with the latest weapons including nuclear capable missiles -- in Canada or in Mexico facing the American border? What would the American people think if these Soviet forces were allied with large and powerful forces of other Western Hemisphere countries?

Clearly, if we were confronted with such a situation, which is essentially that faced by the U.S.S.R. and its satellites, we would need large standing armies to guard our borders. Furthermore, in a police state such as the U.S.S.R., large forces would be required to maintain internal security. Even more significant would be the numbers of additional divisions that would be needed if, like Russia, we had to control a restless group of smaller nations which could be held in line only by military force. Hungary offers a good example of this problem.

In contrast to this imaginary situation U.S. ground forces do not have to divert a single soldier to guard our long peaceful borders with Canada and Mexico. No American military units are required to police our country. No American divisions are required to hold a captive empire. All of our ground forces are fully available to respond to the demands of a limited war or to carry out their part in general hostilities.

In view of these facts, would the American people feel more secure if the U.S. had the 2,500,000 ground force credited to the Soviet Union --

together with their problems, instead of our own Army of 870,000 and Marine Corps of 175,000?

The United States Army, equipped with modern, mobile and tremendously powerful nuclear capable missiles, in addition to a complete arsenal of conventional weapons, can, today, support national objectives with forces ranging from a small detachment to a field army of several divisions. From a conventional patrol to the atomic battlefield, it is geared to fight effectively throughout the whole gamut of modern conflict.

Today, a substantial portion of our Army is deployed at advance positions around the edge of the Soviet Bloc. Backing up the overseas deployments, the Strategic Army Corps, located in the continental United States, is ready at a moment's notice to move to any part of the world. A powerful, self-contained fighting force, STRAC, can meet the initial requirements of limited war or provide the first reinforcement in general war. The Army Reserve and Army National Guard -- at the highest level of readiness in their peacetime history -- stand prepared to supplement the active forces in time of emergency.

The striking power of the Army is continually being improved by the delivery of modern weapons -- the products of the Army's far-reaching research and development program. Soon to be placed in the hands of the soldier is a new family of individual arms and machine guns, all of which will fire the standard NATO 7.62 mm cartridge. The REDSTONE ballistic missile recently deployed overseas is already scheduled to be replaced by the solid propellant PERSHING missile, now under development. Similarly, the solid propellant SERGEANT will replace the CORPORAL guided missile. It is interesting to note that four battalions of the CORPORAL missile can

deliver more firepower than all the artillery employed by the U.S. Army at the peak of World War II, discounting, of course, the problem of geographic coverage. Also slated for early delivery to troop units are the lightweight, air transportable LITTLE JOHN rocket and the highly accurate LACROSSE close support missile.

Work has been started on the new M-60 diesel-powered tank armed with a heavier gun. Additional quantities of helicopters and fixed wing aircraft are being procured including new turbo-prop observation planes. As a matter of fact, the Army today operates over 5,000 aircraft -- more than half the number operated by the Navy and about one-quarter the number operated by the Air Force.

The United States Marine Corps provides a highly trained force, always prepared to deploy anywhere in the world on the shortest notice. The quick response to the Lebanon situation is a good example of the high state of readiness maintained by this force. Consisting of three combat-ready divisions and three air wings, the Corps is a balanced air, ground and sea team capable of highly specialized integrated operations. Since World War II, the Marine Corps has developed a new doctrine for amphibious operations, emphasizing vertical assault over the beachhead by helicopter-borne troops. More than three hundred organized units of the Marine Corps Reserve provide backup and staying power for the regular forces.

In addition to the defensive and offensive striking power of U.S. forces, this Nation is allied in a system of collective security with other free world nations whose military strength complements and reinforces that of the U.S. These nations provide to the U.S. some 250 strategically located

bases. They contribute to the collective defense of the free world ground forces of more than five million men and air forces of about 30,000 aircraft of which nearly 14,000 are jet-powered. They help ensure our control of the sea with their 2,500 combat vessels of which some 1,700 are in active fleets or supporting activities. The total military power of these allies has grown continuously over the past several years and we may confidently expect it to continue to grow in the future.

Further, this free world alliance is a voluntary association of equals held together by mutual interests and a common ideal of freedom. The Communist Bloc is a group of vassal states directed, controlled and held together by force. When the chips are down could the U.S.S.R. depend upon its satellites as we can depend upon our allies?

In view of these facts concerning the relative military strength of the United States as compared with the Soviet Union it is inconceivable that any American would want to trade our position with theirs. But the allegation is often made that the Soviet Union is not only closing the gap with the United States in the military area but also in the economic area. There is no question that in the long run economic strength is the foundation of military power. So -- let's take a look at this part of the "balance sheet".

Suppose we traded our economy for that of the Soviet Union. This would be the picture. Almost all of our population would be concentrated east of the Mississippi River, and the West would be a sparsely settled frontier. As a matter of fact, the Government would be offering bonuses to people

and much more primitive

economy, which we would have swapped for our own, only one railway line would have been pushed across the continent and much of the country could not be reached by road. Half of the labor force would be engaged in agriculture, barely meeting the needs of the rest of the population. This, of course, is a picture of America in the decades following the Civil War. But it is also a picture of the Soviet Union today.

If we traded places with the Soviet Union we would have to cope with a population consisting of 169 distinct ethnic groups, speaking over eighty languages. Fourteen of these languages would each be spoken by over a million people. As a result of the low birth rate experienced during World War II, when the country was partially overrun by the enemy, we would be entering a period of declining natural growth of our labor force. We would be facing a labor shortage that would seriously hamper our potential for economic expansion.

In contrast to the Soviet Union we are entering a period of accelerated natural growth with increasingly large additions to the labor force. Our labor force which grew slowly during the 1950's is now, owing to the high birth rate that began in World War II, beginning to expand rapidly. During the decade of the 1950's the U.S. population group aged 14 years and older increased by 13.5 million. But during the decade of the 1960's this age group is projected to increase by 24 million.

In the Soviet Union over half of the work force would be engaged in agriculture and chronic shortages would plague the economy. By contrast, in the U.S.A., less than ten percent of our labor force produces agricultural

products in such quantities that surpluses constitute a major problem.

What would we have to do to our present industry to make it comparable to that of the U.S.S.R.? We could begin by getting rid of about three-fifths of our present steel-making capacity. Russia's steel industry cannot produce as much steel today as we could have produced forty years ago. As a matter of fact, we've added almost as much steel-making capacity in the last twelve years as Russia now has in total capacity - after forty years of Communist effort. In our Soviet-type economy we would have to get along with less than one-third the amount of electricity, one-third the amount of petroleum products, and only about ten percent the amount of natural gas that we now produce with our own economy. Even in the field of hydroelectric power where the Soviets are supposed to be so strong, we would have to lose over two-thirds of our present capacity. We would have only a small chemical industry rather than the giant we have come to depend on. For example, the U.S.S.R. is able to produce less than one-quarter the amount of chemical fibers (nylon, rayon, dacron, etc.) that we produce in our economy. Production of mineral fertilizer would be less than half what it is now and because it would be in such short supply its use would have to be banned for anything but a certain few basic crops. Our aluminum production would have to be cut to less than half of what it is now; our copper production reduced to only a third of its present size. We would be able to produce less than five percent of the electric motors and less than half the bulldozers. Comparable losses would be experienced in most other sectors of the economy.

What would we have to do to our transportation network to make it comparable to what the Soviets have today?

We could begin by tearing up perhaps 14 out of every 15 miles of paved highway. Although this would seem to have the makings of a terrible traffic congestion problem, we would actually have solved our traffic problem - Soviet fashion - since to get on a par with the Russians in this respect we would also have to get rid of 19 out of every 20 cars and trucks in use today. We could go on to the railroads and tear up more than two out of every three miles of mainline track. We'd also have to dispose of sixty percent of our present stock of freight cars. Even after doing all this we'd still have a better surface transportation system than the one we'd get in trade from the Soviets. In order to make our ocean merchant fleets comparable we'd have to sink eight out of every nine of our own ships and then deny ourselves the use of the Free World's great fleet. Our civil aviation industry would have to be shrunk to a fraction of its present size.

What would we have to do to our present standard of living to make it comparable to that of the Russian's? Let's begin with that much condemned symbol of modern mass communication, the television set. We would have to destroy over 40 million television sets and where we now have one set for every four people, we would then have only one set for about every seventy-five people. We would have to get rid of more than nine out of every ten radio sets and telephones that we have today. We would have to destroy more than 80 percent of all housing in America and then crowd into the 20 percent remaining. In the United States today we have over 140 times as many passenger automobiles as there are in the Soviet Union. After getting rid of enough passenger cars to achieve comparability we would have regressed to a pre-1915 level. We would have to cut our per capita meat consumption by over 60 percent and make our shoes last twice as long as we do now.

We would have to change the whole relationship between the value of a worker's paycheck and the price of goods offered for consumption. For instance, to buy a poor quality suit of clothes, a steel worker would have to work more than 16 times longer than he does at the present. He would have to work for two and one-half hours to buy a 4 oz. chocolate bar. A pair of women's shoes would cost more than a week's paycheck - more than nine times as much in terms of working time than it does today in our present economy. Of course, the 40-hour week would be only a promise under our new economy. If such things were available, an automobile comparable to a stripped U.S. Ford or Chevrolet could be bought for about two years pay - more than five times what it costs an American worker today.

No American would begrudge Russian workers an improvement in their harsh standard of living. Any economic expansion by the Soviet Union which would provide an equal improvement in the welfare of the average Soviet citizen would be welcomed by all of the peoples of the Free World. Unfortunately, the Soviet government has chosen to use its economic progress to further its own aggressive purposes. It is only because of this fact that Soviet economic growth -- actual or planned -- constitutes a challenge to the U.S.

Now, what about our prospects for the future with an economy like Soviet Russia's?

Predictions about the future are always hazardous and much of the misplaced awe with which some people view the Soviet economy is based on nothing more than announced long-range Soviet plans. Since this is so, let's look first at this matter of future goals. The United States today boasts an economy that out-produces the U.S.S.R. by two and one-half or three times

and we do this with a population that is 15 percent smaller than theirs. The Soviets have promised the world that by 1965 they will have matched our 1958 level in most areas of economic activity, and that by seven years after that they will have surpassed us on a per capita basis. Such over-all claims, obviously, are insupportable.

Even if the Soviet Union should achieve the goals set forth in their Seven-year Plan, their over-all industrial capacity would fall far short of what we have today. For example, their goal for crude steel capacity in 1965 is 85-91 million metric tons. We had that much capacity before the Korean war and if our average rate of growth over the last few years were maintained we would have in 1965 a capacity of 174 million metric tons. The significance of this is that in actual tonnage our edge over the Soviet Union in steel productive capacity could be even greater in 1965 than it is today. Their goal of actually surpassing us in industrial production within 15 years appears to be based on the assumption that we will do practically nothing during the interim while they continue to expand at an extremely rapid rate. Neither of these assumptions seem likely to be borne out by events. Many experts believe that we stand on the threshold of another long economic boom. For example, a careful projection into the 1960's has just been prepared by the National Planning Association. According to its findings the average annual rate of increase of the United States' Gross National Product may average 4 percent between 1956 and 1965, and 4.2 percent between 1956 and 1970. This compares with an average of about 3 percent experienced during the post-war period.

Discounting the effect of inflation, the National Planning Association study estimates that the Gross National Product of the U.S. by 1965 will

total about \$633 billion and by 1970 may reach \$790 billion. The 1970 estimate represents an increase of 80 percent over our 1958 Gross National Product and well over twice as much as the estimated Gross National Product of the Soviet Union in 1970. While the U.S.S.R.'s Gross National Product as a percent of the U.S.'s will probably increase somewhat during this period, the real fact of the matter is that while we now have a lead of roughly \$240 billion in Gross National Product, by 1970 -- when Khrushchev claims the Soviet Union will have overtaken us on a per capita basis -- our lead in Gross National Product may well have increased to over \$400 billion.

It is interesting to note that Fortune magazine in its April 1959 issue also makes some projections of U.S. Gross National Product in the 1960's which are substantially the same as those of the National Planning Association.

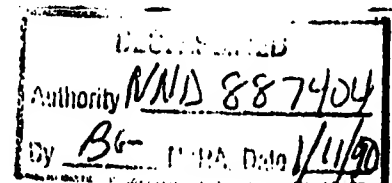
Also noteworthy is the fact that the Soviets themselves in their latest planning estimates forecast a lower rate of economic growth over the next seven years than they achieved in the 1950-1957 period. While it is true that they did achieve very high economic growth rates in the 1950-57 period, the U.S.S.R. is not the only nation which has experienced these large percentage increases during the post-World War II period. Whereas the Gross National Product of the Soviet Union is estimated to have increased by about 6-7 percent a year in the period 1950-1957, the Federal Republic of Germany increased its Gross National Product by 7.7% annually in the period 1953-1957. With respect to industrial production, Japan achieved an average annual increase of 13.4 percent from 1953 to 1957 compared with 11-12 percent for the U.S.S.R. in the same period. In the important area of steel production the free economies of Western Europe constructed 50 percent more new capacity during the past decade than did the Soviet Union.

All three of these countries, Japan, Germany and the U.S.S.R., found themselves in similar circumstances after World War II. All three suffered considerable damage during the war but were able to post large economic gains in a relatively short time as they rapidly replaced their war-damaged facilities.

Growth rates, of course, are a singularly deceptive economic statistic. A country with a steel capacity of only one ton can add capacity of an additional ton and achieve a percentage increase of 100%. Another more developed country with a steel capacity of 100 tons can add two tons of capacity -- twice as much in actual physical production -- but still achieve a percentage increase of only two percent.

As the Soviet economy reaches higher stages of development, large percentage gains become increasingly more difficult to maintain. For example, the Soviet Fifth Five-Year Plan called for an annual increase of 10.3 percent in steel output, the uncompleted Sixth Five-Year Plan called for an 8.6 percent increase and the new Seven-Year Plan calls for an annual increase of only 6.5-7.5 percent. As a matter of fact, the U.S.S.R. will find itself increasingly hard pressed to maintain the momentum of its past economic growth as it no longer is able to raise production by massive inputs of labor, as it exhausts its highest grade natural resources, and as it faces for the first time the problem of replacing its outworn capital equipment.

Thus, with respect to both military power and economic strength the U. S. today is in a distinctly more favorable position than the U.S.S.R.



Today, ours is the more powerful military force, the stronger alliance, the more advantageous strategic position and the more productive economy. There is no reason why we should not continue to lead the Soviet Union in the years ahead. Although advancing technology may diminish somewhat the advantage of our geographic position, this position should serve us well for many years to come. But perhaps most important, with the efficiency of our free enterprise system and a national willingness to support sound economic and fiscal policies, we can expect our economy to grow -- to be an example for the world and the foundation of our national security.

Admittedly, the situation allows no room for complacency. But neither does it warrant apprehension. We have every reason to approach with confidence the grave problems which lie ahead. In the words of President Eisenhower, "Our security shield is the productivity of our free economy, the power of our military forces and the enduring might of a great community of nations determined to defend their freedom."

